

Vehicle Incentive Program (VIP) Guidelines for FY 2005/06

Available Funds: The Bay Area Air Quality Management District (Air District) Board of Directors has allocated \$500,000 in Transportation Fund for Clean Air (TFCA) funds for the FY 2005/06 Vehicle Incentive Program.

Eligible Applicants:

- Public agencies located within the jurisdiction of the Air District are eligible to apply for VIP incentives.
- State and federal agencies and utility fleets that are subject to EPACT (the federal Energy Policy Act of 1992) alternative fuel vehicle requirements are not eligible for VIP incentives.
- A public agency may apply for VIP incentives on behalf of a non-public entity (i.e., a private or non-profit fleet) subject to the conditions defined in TFCA Policy # 5 (see Attachment A).

Maximum Request:

- Each eligible public agency may request up to \$100,000 in VIP incentives.
- If VIP funds remain available as of March 1, 2006, then agencies that have applied for and received the maximum grant award (i.e., \$100,000) may request VIP incentives for additional vehicles, to a maximum of \$150,000 total per agency.

Eligible vehicles:

A **new vehicle** is defined as a model year 2006 vehicle. A model year 2005 vehicle that has never been owned or sold previously and has less than 1,000 odometer miles will also be considered a new vehicle. New vehicles must meet the following eligibility criteria:

- 1) Vehicles must have a gross vehicle weight (GVW) of 10,000 pounds or less.
- 2) Vehicles must be powered by natural gas, propane, hydrogen, electricity, or hybrid electric. Except for hybrid electrics, vehicles with the ability to run on gasoline or diesel as their primary fuel are not eligible.
- 3) Vehicles must be certified by the California Air Resources Board (CARB) to the Super Ultra Low Emission Vehicle (SULEV), Partial Zero Emission Vehicle (PZEV) or Zero Emission Vehicle (ZEV) emission standards.
- 4) Vehicles must be operated in the Bay Area for the duration of their useful life (or lease term), and at least 75% of the miles driven must be within the boundaries of the Air District.
- 5) The vehicle purchase or lease order must be issued July 1, 2005 or later.

For information on eligibility of specific vehicles, see the document entitled ***VIP: Guide to Eligible Vehicles***.

A **used vehicle** is defined as any vehicle that is model year 2004 or older, as well as any model year 2005 vehicle with more than 1,000 odometer miles. Used vehicles must meet the criteria defined for new vehicles above, plus the following two requirements:

- The used vehicle must not have received any previous funding via the Air District's TFCA or VIP programs.
- The used vehicle must have been registered outside the boundaries of the Air District for at least the last 180 calendar days.

Incentive amounts: The incentive amounts for the FY 2005/06 VIP program are as follows:

Incentive Amounts				
Vehicle Type / Emission Rating	New Vehicle	Used Vehicle: One-Year Old (60%)	Used Vehicle: 2-Years Old (40%)	Used Vehicle: 3-Years Old (20%)
Hybrid electric – SULEV or PZEV	\$2,000	\$1,200	\$800	\$400
Natural gas, propane or hydrogen – SULEV or PZEV	\$4,000	\$2,400	\$1,600	\$800
Full-function ZEV	\$5,000	\$3,000	\$2,000	\$1,000
City ZEV	\$3,000	\$1,800	\$1,200	\$600
Neighborhood ZEV	\$1,000	\$600	\$400	\$200

Notes:

- The SULEV incentive amounts also apply to vehicles that are certified to the PZEV (Partial Zero Emission Vehicle) or AT-PZEV (Advanced Technology-Partial Zero Emission Vehicle) standards.
- If the sponsor elects to lease a vehicle that is available for purchase, then the VIP incentive amount will be prorated based on the length of the lease compared to the expected useful life of the vehicle.
- Incentives for zero emission vehicles (ZEV's) apply to battery electric vehicles and fuel cell vehicles that are certified to ZEV standard by CARB. In the case of ZEV's that are only available for lease, the VIP incentive amount is based on a three-year lease period. The incentive amount will be pro-rated for shorter lease terms.

Summary of VIP Process:

1. The Air District receives and reviews application; issues VIP voucher (if funds are available).
2. Applicant has 60 calendar days from date of VIP voucher in which to issue purchase or lease order for the vehicles. (If applicant fails to submit copy of the purchase order (PO) to the Air District within 60 calendar days, the Air District cancels the voucher.)
3. Upon receipt of purchase or lease order, the Air District issues confirmation letter, and provides 180 calendar days for applicant to take delivery of the vehicle(s). (The Air District may grant an extension to the 180-day delivery period, as warranted.)
4. Applicant submits VIP Payment Request Form after taking delivery of all of the vehicles covered by the VIP voucher.
5. The Air District issues payment.

Special Notes:

- A resolution from the governing board is not required for VIP applications.
- Applicants are not required to remove or scrap existing vehicles in their fleets as a condition of receiving VIP incentives. (The Air District's vehicle scrappage requirement applies only to heavy-duty vehicle projects: i.e. vehicles with a GVW greater than 10,000 lbs.)
- The Air District will not award VIP incentives for any vehicle that has received TFCA County Program Manager funds.

Attachment A: Applying for VIP Incentives on Behalf of a Non-Public Entity

TFCA Policy #5 defines the conditions whereby a public agency may apply for clean vehicle incentives on behalf of a non-public entity.

TFCA Policy #5: Non-Public Entities: A public agency may apply for funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

1. the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, etc.), or
2. the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use light-duty clean air vehicles under Policy #28, e.g., through station car projects, car rental services, or car-sharing programs.

To receive TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described above, the public agency must provide a written policy to demonstrate that the vehicle incentive funds will be offered on an equitable basis to all the non-public entities providing the service.

Responsibilities of Public Agency: To apply for VIP incentives on behalf of a non-public entity, the public agency must agree to assume the following responsibilities:

- To develop a policy to ensure that all eligible fleets are provided equitable access to the funds, prior to submitting a VIP application.
- To transfer the incentive funds to the non-public entity and to provide documentation of said process to the Air District.
- To monitor the use of the VIP-funded vehicles, ensure that the non-public entity operates the vehicle(s) in accordance with the VIP guidelines, and ensure that the vehicle(s) is (are) garaged and operated within the boundaries of the Air District for the duration of the useful vehicle life.
- To notify the Air District within 10 calendar days if the non-public entity violates VIP guidelines or fails to operate the vehicle(s) according to the terms of the incentive.
- To maintain information as to the operational status of each vehicle, and to provide operational data and status for each vehicle to the Air District within 60 calendar days of a request from the Air District for this information.
- To provide written notification to the Air District of any change in vehicle ownership or operational status within 30 calendar days of its occurrence.
- To refund the VIP incentives to the Air District, on a prorated basis, if any vehicle funded by this program is removed from service, wrecked, scrapped, or sold before it achieves at least five full years of service or 150,000 miles in the third-party fleet.